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**United States Government Accountability Office
Washington, DC 20548**

June 29, 2012

The Honorable Sam Johnson
Chairman
Subcommittee on Social Security
Committee on Ways and Means
House of Representatives

Subject: *Responses to Questions for the Record: Hearing on the Social Security Administration's Information Technology Modernization*

This letter responds to your June 19, 2012, request that we address questions submitted for the record related to testimony that we presented at the Social Security Administration (SSA) oversight hearing on May 9, 2012.[1] At the hearing, we discussed, among other things, SSA's progress in modernizing its information technology (IT) systems and environment. The enclosure provides our responses, which are based primarily on work conducted in support of our previously issued products.[2]

If you have any questions or would like to discuss the responses, please contact me at (202) 512-6304 or melvinv@gao.gov.

Sincerely yours,

Valerie C. Melvin

Valerie C. Melvin
Director, Information Management
    and Technology Resources Issues

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[1]GAO, *Social Security Administration: Technology Modernization Needs Improved Planning and Performance Measures,* GAO-12-723T (Washington, D.C.: May 9, 2012).
[2]GAO-12-723T and GAO, *Social Security Administration: Improved Planning and Performance Measures Are Needed to Help Ensure Successful Technology Modernization*, GAO-12-495 (Washington, D.C.: April 26, 2012).

Enclosure

Chairman Sam Johnson

House Committee on Ways and Means

Subcommittee on Social Security

Questions for the Record – May 9, 2012 Hearing

In your statement, you said that Social Security has spent $5 billion on Information Technology (IT) modernization over the past decade.

a. Could you confirm that $5 billion is about 5 percent of the agency's overall operating budget and less than a tenth of a percent of Social Security's total expenditures?

Our work determined that, from fiscal year 2001 through fiscal year 2011, the Social Security Administration (SSA) spent about $5 billion for IT modernization efforts, which included money for enhancements to existing systems and the modernization of legacy application systems (collectively referred to as "development, modernization, and enhancement" or "DME"). As reflected in the table below, the IT modernization expenditures ranged from 3.1 percent to 7.1 percent of the agency's overall operating budget, and constitute 5 percent of the overall operating budget for the 11-year period. Additionally, based on SSA's total reported expenditures for that time period, the $5 billion dollars for IT modernization represented less than a tenth of a percent of the agency's total expenditures.

SSA Modernization Spending as a Percentage of Total Expenditures and Operating Budget (in Millions)

Fiscal year	Overall operating budget[3]	Total expenditures[4]	Total IT modernization (DME)[5]	Total IT modernization (DME) as a percent of overall operating budget[6]	Total IT modernization (DME) as a percent of total expenditures[7]
2001	$7,216	$471,929	$225	3.1	0.05
2002	$7,562	$491,864	$245	3.2	0.05
2003	$7,885	$509,436	$342	4.3	0.07
2004	$8,313	$531,638	$520	6.3	0.10
2005	$8,732	$569,907	$526	6.0	0.09
2006	$9,108	$589,519	$399	4.4	0.07
2007	$9,297	$626,290	$317	3.4	0.05
2008	$9,744	$660,326	$404	4.1	0.06
2009	$10,453	$733,205	$532	5.1	0.07
2010	$11,446	$754,106	$816	7.1	0.11
2011	$11,423	$784,535	$693	6.1	0.09
Total	$101,179	$6,722,755	$5,019	5.0	0.07

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[3] SSA Budget FY 2003; Congressional Research Service, *Social Security Administration: Administrative Budget Issues*, August 2009; SSA FY 2013 Budget Justification.

[4] OMB, Budget of the United States Government, Fiscal Year 2013, Historical Tables, Table 5.2 – Budget Authority by Agency: 1976-2017. (http://www.whitehouse.gov/omb/budget/Historicals). About 99% of SSA's total spending is mandatory spending on benefit payments. SSA's administrative spending, which is discretionary, amounts to about 1% of SSA's total spending. See Congressional Research Service, *Social Security Administration: Administrative Budget Issues*, August 2009.

[5] OMB Exhibit 53s; OMB Report on IT Spending for the Federal Government for Fiscal Years 2002-2013.

[6] GAO analysis.

[7] GAO analysis.

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b. How does Social Security's spending level for IT modernization compare to best practices for similar entities?

Our work did not compare SSA's spending level for IT modernization with that of similar entities, nor include identifying the appropriate spending levels or the proper mix of modernization as a percentage of the overall operating budget, which would be important to making such an assessment. In this regard, the appropriate level of modernization activities undertaken by any organization depends on a number of variables, such as what system enhancements and accomplishments have already been established, changing technology needs, existing IT infrastructure, and changes in mission needs and requirements. All of these would play a role in assessing the appropriate blend of modernization activities and maintenance efforts.